

HON. MARCY KAPTUR
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
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Ms. KAPTUR. Madam Speaker, the latest trade report out of Washington spells more trouble for working families; most immediately for Ohio, Michigan and Indiana, and our Nation's heartland, but, in fact, for our entire Nation.

The U.S. Department of Commerce reported this week that America's trade deficit in the second quarter of this year hit its second highest level in history, rising 2.4 percent to \$218.4 billion more imports into our Nation than exports out. That is just in one quarter.

We are well on our way to another record trade deficit likely to exceed \$800 billion. At this rate, the United States might well post its first trillion-dollar trade deficit this year.

That level of trade deficit throttles real growth in our country and continues the unfortunate path of selling out America. We are not winning the global trade war, we are losing it badly. President Bush's trade policy is no more successful than his foreign policy. Since President Bush took office, we have lost 3 million more good jobs. America's trade deficit in motor vehicles alone has climbed by approximately 20 percent, and the recent announcement by Ford Motor Company of production cutbacks and plant closings will only exacerbate the situation.

Still, the administration clings to the same failed policies. The President will not even meet with the executives of the Big Three. I never thought I would see a day that the President of the United States refused to meet with the leaders of America's automakers. No industrial nation can afford to cash out its domestic automotive industry. One of five jobs here in our country are directly tied to it. But it is true. Apparently that is what this President thinks of the industry that has been the backbone of our economy.

Back in 1975, New York City was in dire fiscal straits, and Gerald Ford refused to help. The New York Daily News ran a famous headline: ``Ford to City: Drop Dead." Maybe it is just a matter of time before we see a similar headline about George W. Bush and his lack of concern about the U.S. automotive industry.

The same Commerce Department report showed other statistics which showed the deterioration in our Nation's financial picture. Foreign-owned assets in the United States increased by \$366 billion more during the second quarter. U.S. liabilities to foreigners reported to U.S. banks increased by \$84.2 billion more in the second quarter following an increase of \$148.9 billion in the first quarter.

Who owns the assets of our Nation? Increasingly, foreign interests own our assets, and we owe them money. No wonder people think our country is headed in the wrong direction. It is.

Increasingly, Americans don't own America. Transactions in U.S. Treasury securities shifted to net foreign purchases of \$10.1 billion in the second quarter, almost double the rate in the first quarter. I don't like the fact that foreign interests are buying our country. Indeed, I detest what is happening as un-American and unpatriotic. But foreign official assets in the United States increased \$74.9 billion in the second quarter following an increase of \$75.7 billion in the first quarter. It came as no surprise as a result that our dollar depreciated an additional 3 percent.

What the trade deficit means in real-life terms is that money, usually U.S. currency, is leaving American hands and ending up in the hands of foreign competitors, from the United States to Saudi Arabia and other major oil producers; from the United States to China, now the second largest holder of U.S. dollar assets; from the United States to Japan, Korea and other major automobile and truck makers who keep their markets closed. So we are left with padlocked factories, a shrinking middle class, diminishing tax bases and all the problems that accompany a shortage of good jobs.

What a shame. What a shame that Washington is so out of touch with the real America. People are rapidly losing hope and trust. They believe their government has been captured by special interests and no longer cares about them, and they are right.

When they see these statistics about what is happening to our country, it is no wonder people

are beginning to despair. So our people vote less, they become more cynical, and they conclude their government no longer stands up for them or indeed belongs to them. That, my friends, is a recipe for a rising political radicalism across our Nation. I cannot predict when it will happen, but it will happen.